

**GREENE
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

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GREENE COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
BOARD OF EDUCATION		
(Before September, 2006 Election)		
Sara Zimmerman	President	2006
Jeff Lindell	Vice President	2008
Robb Holtz		2006
Gary Hatcher		2008
Troy Feldman		2007

(After September, 2006 Election)

Sara Zimmerman	President	
(Resigned June, 2007)		
Jeff Lindell	President	2008
(Appointed June, 2007)		
Laura Schafer		2006
Gary Hatcher		2008
Troy Feldman		2007
Barbara Brinkman		2007
(Appointed June, 2007)		

SCHOOL OFFICIALS

Steve Ward	Superintendent
Jan Trees	District Secretary
John Barth	District Treasurer

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 25 years of Expertise and Experience
- Evenings & Saturdays Available
- Extended Hours During Tax Season

To the Board of Education of
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Greene Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

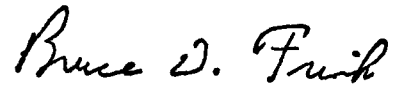
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Greene Community School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2007 on our consideration of Greene Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 30 through 31 are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

BRUCE D. FRINK
Certified Public Accountant

December 18, 2007

GREENE COMMUNITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$3,086,695 in fiscal year 2006 to \$3,233,543 in fiscal year 2007 (a 5% increase), while General Fund expenditures increased from \$3,005,925 in fiscal year 2006 to \$3,073,612 in fiscal year 2007 (a 2% percent increase).
- The increase in General Fund revenues was primarily attributable to administration sharing and tuition revenues. The increase in expenses was due to normal payroll increases. Discretionary spending was carefully monitored in order to maintain the General Fund balance.
- The General Fund balance increased by over \$157,000 from fiscal year 2006 to fiscal year 2007. Increased local revenues, particularly tuition, and careful monitoring of discretionary spending had the greatest impact.
- The District once again is sharing the superintendent with the Rudd-Rockford-Marble Rock Community School District.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Greene Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Greene Community School District operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Greene Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Greene Community School District Annual Financial Report

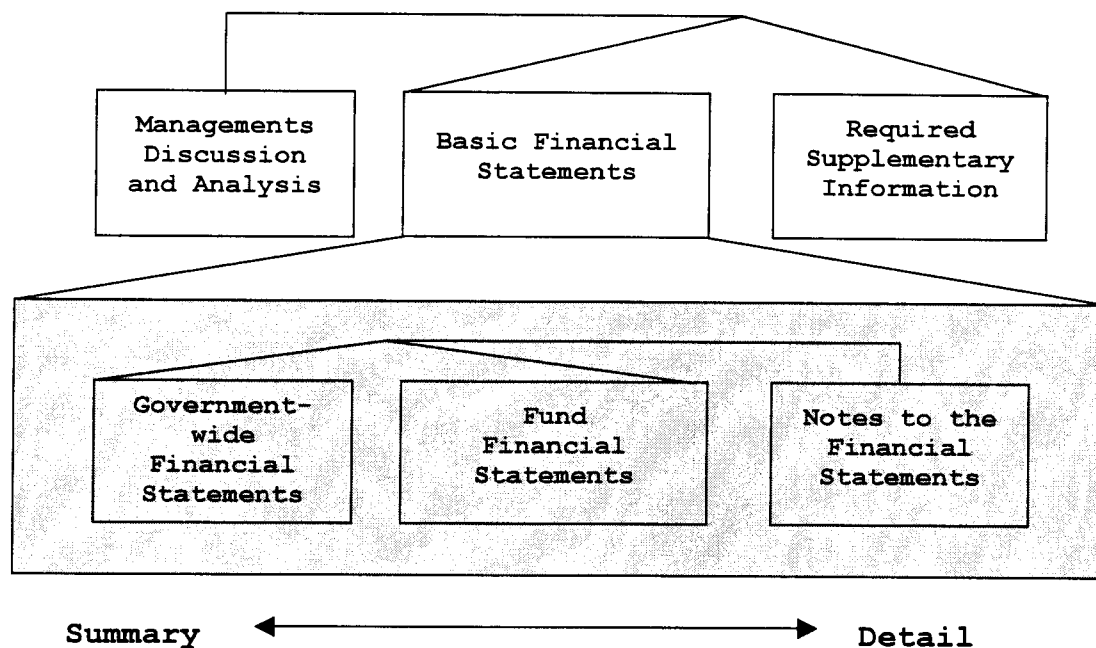


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses, such as food service
Required financial statements	<ul style="list-style-type: none"> . Statement of Net Assets . Statement of Activities 	<ul style="list-style-type: none"> . Balance sheet . Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> . Statement of Net Assets . Statement of Revenues, Expenses and Changes in Net Assets . Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how much cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Assets, a statement of revenues, expenses, changes in net assets and a Statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2007 compared to 2006.

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	2007	2006	2007	2006	2007	2006	2006-2007
	\$	\$	\$	\$	\$	\$	%
Current assets	3,393	3,228	8	11	3,401	3,239	4.76%
Capital assets	3,964	3,955	6	6	3,970	3,961	0.23%
Total assets	<u>7,357</u>	<u>7,183</u>	<u>14</u>	<u>17</u>	<u>7,371</u>	<u>7,200</u>	<u>2.32%</u>
Current liabilities	1,609	1,545	-	-	1,609	1,545	3.98%
Non-current liabilities	3,195	3,350	-	-	3,195	3,350	-4.85%
Total liabilities	<u>4,804</u>	<u>4,895</u>	<u>-</u>	<u>-</u>	<u>4,804</u>	<u>4,895</u>	<u>-1.89%</u>
Net Assets							
Invested in capital assets, net of related debt	769	605	6	6	775	611	21.16%
Restricted	1,001	1,044	-	-	1,001	1,044	-4.30%
Unrestricted	783	639	8	11	791	650	17.83%
Total net assets	<u>2,553</u>	<u>2,288</u>	<u>14</u>	<u>17</u>	<u>2,567</u>	<u>2,305</u>	<u>10.21%</u>

The District's combined net assets were 10% greater than at June 30, 2007 than June 30, 2006. The decrease in restricted net assets occurred primarily due to a number of large dollar facility improvements including a new gym floor. The unrestricted net assets increased as a result of sharing monies and cost control measures.

Changes in net assets - Figure A-4 shows the changes in net assets for the year ended June 30, 2007 and 2006.

Figure A-4
Change in Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total School District		Total Change
	2007	2006	2007	2006	2007	2006	2006-2007
	\$	\$	\$	\$	\$	\$	%
Revenues:							
Program revenues:							
Charges for service and sales	545	382	100	98	645	480	34.38%
Operating grants, contributions and restricted interest	583	573	58	56	641	629	1.91%
General revenues:							
Property tax	1,533	1,514	-	-	1,533	1,514	1.25%
Local option sales tax	118	171	-	-	118	171	-30.99%
Unrestricted state grants	1,165	1,256	-	-	1,165	1,256	-7.25%
Unrestricted investment earnings	31	14	-	-	31	14	121.43%
Other	17	20	-	-	17	20	-15.00%
Total revenues	<u>3,992</u>	<u>3,930</u>	<u>158</u>	<u>154</u>	<u>4,150</u>	<u>4,084</u>	<u>1.62%</u>
Program expenses:							
Governmental activities:							
Instruction	1,993	1,975	-	-	1,993	1,975	0.91%
Support Services	1,266	1,197	-	-	1,266	1,197	5.76%
Non-instructional programs	-	-	161	158	161	158	1.90%
Other expenses	467	485	-	-	467	485	-3.71%
Total expenses	<u>3,726</u>	<u>3,657</u>	<u>161</u>	<u>158</u>	<u>3,887</u>	<u>3,815</u>	<u>1.89%</u>
Change in net assets	<u>266</u>	<u>273</u>	<u>(3)</u>	<u>(4)</u>	<u>263</u>	<u>269</u>	<u>-2.23%</u>

Property tax, local option sales tax and unrestricted state grants account for 65% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 84% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$3,992,542 and expenses were \$3,890,559. The District balanced the budget by reducing discretionary spending and seeking out alternative revenue sources such as grants. Sharing students and administrators with neighboring districts is allowing for cost savings as well as limited additional funding from the state.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services		Net Change	Net Cost of Services		Net Change
	2007	2006	2006-2007	2007	2006	2006-2007
	\$	\$	%	\$	\$	%
Instruction	1,993	1,975	0.91%	1,077	1,147	-6.10%
Support Services	1,266	1,197	5.76%	1,190	1,182	0.68%
Other expenses	467	485	-3.71%	331	372	-11.02%
Totals	<u>3,726</u>	<u>3,657</u>	<u>1.89%</u>	<u>2,598</u>	<u>2,701</u>	<u>-3.81%</u>

- The cost financed by users of the District's programs was \$545,066 (an increase of over \$160,000). The primary increase was sharing of the superintendent with Rudd-Rockford-Marble Rock Community School District.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$298,378.
- The net cost of governmental activities was financed with \$1,533,090 in property tax, \$1,165,061 in state foundation aid, \$117,862 in local option sales tax and \$31,221 in interest income.

Business Type Activities

Revenues of the District's business type activities were \$158,028 and expenses were \$160,637. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted the Greene Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$2,553,090, 12% above last year's ending fund balances of \$2,286,876. This is primarily a result of the administration sharing and increased tuition revenues.

Governmental Fund Highlights

- The District's General Fund balance was increased due to a combination of increased sharing revenues and cost containment measures.
- The District is collecting local option sales tax money from Butler and Floyd Counties.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund and major Special Revenue Funds are not presented in the budgetary comparison on pages 30 and 31.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$149,000 more than the total budgeted receipts, a variance of approximately 4%. The most significant change resulted in the District receiving more in sharing monies than originally anticipated.

Total expenditures were less than budgeted due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending through its line item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2007, the District has invested more than \$5,985,000. In a broad range of capital assets including school buildings, athletic facilities, central kitchen, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holdings and textbooks. Total depreciation expense for the year exceeded \$174,000.

Long - Term Debt

The District has \$3,195,000 in general obligation bonds from the construction of a secondary school building. These bonds have an average interest rate of 4.55%. They will be paid off over the next 14 years with previously approved property tax levies.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The District is in a two way sharing program with the Allison-Bristow Community School District. This has resulted in some cost savings.
- The District will continue to seek out new sources of revenue, such as At-Risk Allowable Growth, Instructional Support Levy, and other grants that may be available for additional revenues.
- Future enrollment stability is a critical element in maintaining a sound financial foundation. Enrollment is currently declining and projects to continue to do so. This fact coupled with decreased state funding obviously does not bode well for the District's financial health. This decrease in funding will dramatically affect the General fund cash and unspent balances, along with having a negative affect on personnel and programming offered by the District.
- The District began sharing a superintendent with the Rudd-Rockford-Marble Rock Community School District.

- Iowa law requires that unsettled salary negotiations for teachers to mandatory arbitration. Invariably arbitrated settlement are higher than current levels of allowable growth in funding. Employee wage and benefit settlements exceeding the growth rate in State funding will continued to force the District to consider additional budget reductions to balance the General Fund budget.
- Once again unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. No Child Left Behind, Student Achievement, Teacher Quality Act, and GASB 34 to name a few.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Ward, Superintendent, Greene Community School District, 208 North 4th Street, Greene, IA 50636.

Basic Financial Statements

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and pooled investments	1,469,208	317	1,469,525
Receivables:			
Property tax:			
Current year	13,498	-	13,498
Succeeding year	1,520,760	-	1,520,760
Due from other governments	390,172	-	390,172
Interest receivable	-	-	-
Other receivables	-	-	-
Inventories	-	8,125	8,125
Capital assets, net of accumulated depreciation (note 3)	3,963,657	5,562	3,969,219
Total assets	<u>7,357,295</u>	<u>14,004</u>	<u>7,371,299</u>
Liabilities			
Accounts payable	75,966	-	75,966
Accrued interest payable	12,479	-	12,479
Deferred revenue:			
Succeeding year property tax	1,520,760	-	1,520,760
Long term liabilities:			
Portion due within one year:			
General obligation bonds	165,000	-	165,000
Portion due after one year:			
General obligation bonds	3,030,000	-	3,030,000
Total liabilities	<u>4,804,205</u>	<u>-</u>	<u>4,804,205</u>
Net Assets			
Invested in capital assets, net of related debt	768,657	5,562	774,219
Restricted for:			
Management levy	96,378	-	96,378
67 1/2 cent schoolhouse levy	133,733	-	133,733
Physical plant and equipment levy	199,141	-	199,141
Debt service	12,997	-	12,997
Capital projects	559,239	-	559,239
Unrestricted	782,945	8,442	791,387
Total net assets	<u>2,553,090</u>	<u>14,004</u>	<u>2,567,094</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues					Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities			
	\$	\$	\$	\$	\$	\$	\$
Functions/Programs							
Governmental activities:							
Instruction:	1,993,501	545,047	371,360	(1,077,094)	-	-	(1,077,094)
Support services:							
Student services	105,826	-	-	(105,826)	-	-	(105,826)
Instructional staff services	69,484	-	-	(69,484)	-	-	(69,484)
Administration services	509,468	-	-	(509,468)	-	-	(509,468)
Operation and maintenance of plant services	381,755	-	75,195	(306,560)	-	-	(306,560)
Transportation services	199,077	19	-	(199,058)	-	-	(199,058)
	1,265,610	19	75,195	(1,190,396)	-	-	(1,190,396)
Other expenditures:							
Facilities acquisition	67,229	-	29,725	(37,504)	-	-	(37,504)
Long term debt service interest	154,715	-	1,939	(152,776)	-	-	(152,776)
Long term debt services	400	-	-	(400)	-	-	(400)
AEA flowthrough	104,519	-	104,519	-	-	-	-
Depreciation (unallocated)*	140,137	-	-	(140,137)	-	-	(140,137)
	467,000	-	136,183	(330,817)	-	-	(330,817)
Total governmental activities	3,726,111	545,066	582,738	(2,598,307)	-	-	(2,598,307)

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2007

	Program Revenues				Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest				
	\$	\$	\$	\$		\$	\$
Business type activities:							
Non-instructional programs							
Nutrition services	160,637	99,870	58,158	-	(2,609)		(2,609)
Total	3,886,748	644,936	640,896	(2,598,307)	(2,609)	(2,600,916)	
General revenues:							
Property tax levied for:							
General purposes				1,119,903	-	1,119,903	
Management Fund				60,106	-	60,106	
Capital outlay				93,697	-	93,697	
Debt service				246,599	-	246,599	
Public education and recreation				12,785	-	12,785	
School Infrastructure Local Option Sales Tax				117,862	-	117,862	
Unrestricted state grants				1,165,061	-	1,165,061	
Unrestricted investment earnings				31,221	-	31,221	
Other				17,287	-	17,287	
Total general revenue				2,864,521	-	2,864,521	
Change in net assets				266,214	(2,609)	263,605	
Net assets beginning of year, as restated				2,286,876	16,613	2,303,489	
Net assets end of year				2,553,090	14,004	2,567,094	

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2007

Assets

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
Cash	23,288					
Receivables:	418,468	4,611	549,038	196,275	300,816	1,469,208
Property tax:						
Current year	-	8,386	-	2,866	2,246	13,498
Succeeding year	1,130,810	216,043	-	96,091	77,816	1,520,760
Due from other governments	379,971	-	10,201	-	-	390,172
Interest receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Total assets	<u>1,929,249</u>	<u>229,040</u>	<u>559,239</u>	<u>295,232</u>	<u>380,878</u>	<u>3,393,638</u>

Liabilities and Fund Balances

Liabilities:						
Accounts payable	75,579	-	-	-	387	75,966
Deferred revenue:						
Succeeding year property tax	1,130,810	216,043	-	96,091	77,816	1,520,760
Total liabilities	<u>1,206,389</u>	<u>216,043</u>	<u>-</u>	<u>96,091</u>	<u>78,203</u>	<u>1,596,726</u>
Fund balances:						
Reserved for:						
Debt service	-	12,997	-	-	-	12,997
Capital projects	-	-	559,239	-	-	559,239
Unreserved	<u>722,860</u>	<u>-</u>	<u>-</u>	<u>199,141</u>	<u>302,675</u>	<u>1,224,676</u>
Total fund balances	<u>722,860</u>	<u>12,997</u>	<u>559,239</u>	<u>199,141</u>	<u>302,675</u>	<u>1,796,912</u>
Total liabilities and fund balances	<u>1,929,249</u>	<u>229,040</u>	<u>559,239</u>	<u>295,232</u>	<u>380,878</u>	<u>3,393,638</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2007

Total fund balances of governmental funds (Exhibit C)	\$ 1,796,912
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	3,963,657
Accrued interest on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(12,479)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
General obligation bonds	<u>(3,195,000)</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 2,553,090</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources						
Local tax	1,119,903	246,599	117,862	93,697	72,891	1,650,952
Tuition	442,547	-	-	-	-	442,547
Other	151,243	1,763	29,725	18,897	129,467	331,095
State sources	1,415,745	176	-	69	53	1,416,043
Federal sources	104,105	-	-	47,800	-	151,905
Total revenues	3,233,543	248,538	147,587	160,463	202,411	3,992,542
Expenditures:						
Instruction	1,858,934	-	-	-	134,567	1,993,501
Support services						
Student services	58,026	-	-	47,800	-	105,826
Instructional staff services	69,484	-	-	-	-	69,484
Administration services	509,468	-	-	-	-	509,468
Operation and maintenance of plant services	307,649	-	-	72,637	64,869	445,155
Transportation services	165,532	-	-	62,430	-	227,962
	1,110,159	-	-	182,867	64,869	1,357,895

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Types

Year ended June 30, 2007

	General	Debt Service	Capital Projects	Physical Plant and Equipment Levy	Nonmajor Special Revenue	Total
	\$	\$	\$	\$	\$	\$
Other expenditures:						
Facilities acquisition and construction services	-	-	84,955	36,352	2,770	124,077
Long term debt service						
Principal	-	155,000	-	-	-	155,000
Interest	-	155,167	-	-	-	155,167
Services	-	400	-	-	-	400
AEA flowthrough	104,519	-	-	-	-	104,519
	<u>104,519</u>	<u>310,567</u>	<u>84,955</u>	<u>36,352</u>	<u>2,770</u>	<u>539,163</u>
Total expenditures	<u>3,073,612</u>	<u>310,567</u>	<u>84,955</u>	<u>219,219</u>	<u>202,206</u>	<u>3,890,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>159,931</u>	<u>(62,029)</u>	<u>62,632</u>	<u>(58,756)</u>	<u>205</u>	<u>101,983</u>
Other financing sources:						
Transfer to Debt Service Fund	-	-	(66,000)	-	-	(66,000)
Transfer from Capital Projects Fund	-	66,000	-	-	-	66,000
Transfer to School Nutrition Fund	(3,500)	-	-	-	-	(3,500)
Sale of equipment	<u>898</u>	<u>-</u>	<u>-</u>	<u>2,385</u>	<u>-</u>	<u>3,283</u>
	<u>(2,602)</u>	<u>66,000</u>	<u>(66,000)</u>	<u>2,385</u>	<u>-</u>	<u>(217)</u>
Net change in fund balances	<u>157,329</u>	<u>3,971</u>	<u>(3,368)</u>	<u>(56,371)</u>	<u>205</u>	<u>101,766</u>
Fund balances beginning of year	<u>565,531</u>	<u>9,026</u>	<u>562,607</u>	<u>255,512</u>	<u>302,470</u>	<u>1,695,146</u>
Fund balances end of year	<u>722,860</u>	<u>12,997</u>	<u>559,239</u>	<u>199,141</u>	<u>302,675</u>	<u>1,796,912</u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2007

Net change in fund balances - total governmental funds (Exhibit E) \$ 101,766

**Amounts reported for governmental activities in the
statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	182,678	
Depreciation expense	<u>(173,682)</u>	8,996

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

452

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets

155,000

Change in net assets of governmental activities (Exhibit B)

\$ 266,214

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for services	<u>99,870</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	60,791
Benefits	8,085
Services	860
Supplies	90,193
Depreciation	<u>708</u>
Total operating expenses	<u>160,637</u>
Operating (loss)	<u>(60,767)</u>
Non-operating revenues:	
Interest on investments	29
Transfer from General Fund	3,500
State sources	2,014
Federal sources	<u>52,615</u>
	<u>58,158</u>
Change in net assets	(2,609)
Net assets beginning of year	<u>16,613</u>
Net assets end of year	<u><u>14,004</u></u>

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2007

	School Nutrition
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	99,870
Cash payments to employees for services	(68,876)
Cash payments to suppliers for goods or services	<u>(80,424)</u>
Net cash provided by (used in) operating activities	<u>(49,430)</u>
Cash flows from non-capital financing activities:	
State grants received	2,014
Federal grants received	<u>40,764</u>
Net cash provided by non-capital financing activities	<u>42,778</u>
Cash flows from capital financing activities:	
Transfer from General Fund	3,500
Cash flows from investing activities:	
Interest on investments	<u>29</u>
Net (decrease) in cash and cash equivalents	(3,123)
Cash and cash equivalents beginning of year	<u>3,440</u>
Cash and cash equivalents end of year	<u><u>317</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating (loss)	(60,767)
Adjustments to reconcile operating profit (loss)	
to net cash provided by (used in) operating activities:	
Depreciation	708
Commodities used	11,851
(Increase) in inventory	<u>(1,222)</u>
	<u>(49,430)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	<u><u>317</u></u>
Non-cash investing, capital and financing activities:	

During the year ended June 30, 2007, the District received federal commodities valued at \$11,851.

See notes to financial statements.

GREENE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2007

(1) Summary of Significant Accounting Policies

Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Greene, Iowa, and agricultural territory in Butler and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board.

A. Reporting Entity

For financial reporting purposes, Greene Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Greene Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Butler and Floyd County Assessor's Conference Boards.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Physical Plant and Equipment Levy is used to purchase equipment (over \$500 per item) and for major repairs and improvements to buildings and grounds. It is funded primarily through a combination of property tax and income surtax.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statement of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statement:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives.

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability is deemed to be immaterial at June 30, 2007.

Long-term obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any of the four functions.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2007.

(3) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>103,600</u>	<u>-</u>	<u>-</u>	<u>103,600</u>
Capital assets being depreciated:				
Buildings	4,670,089	-	-	4,670,089
Improvements other than buildings	129,711	56,848	-	186,559
Furniture and Equipment	<u>899,796</u>	<u>125,830</u>	<u>-</u>	<u>1,025,626</u>
Total capital assets being depreciated	<u>5,699,596</u>	<u>182,678</u>	<u>-</u>	<u>5,882,274</u>
Less accumulated depreciation for:				
Buildings	1,086,970	90,370	-	1,177,340
Improvements other than buildings	103,695	5,605	-	109,300
Furniture and Equipment	<u>657,870</u>	<u>77,707</u>	<u>-</u>	<u>735,577</u>
Total accumulated depreciation	<u>1,848,535</u>	<u>173,682</u>	<u>-</u>	<u>2,022,217</u>
Total capital assets being depreciated, net	<u>3,851,061</u>	<u>8,996</u>	<u>-</u>	<u>3,860,057</u>
Governmental activities, capital assets, net	<u>3,954,661</u>	<u>8,996</u>	<u>-</u>	<u>3,963,657</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	11,074	-	-	11,074
Less accumulated depreciation	<u>4,804</u>	<u>708</u>	<u>-</u>	<u>5,512</u>
Business type activities capital assets, net	<u>6,270</u>	<u>(708)</u>	<u>-</u>	<u>5,562</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Support services:

Transportation

Unallocated

33,545

140,137

173,682

Business Type activities:

Food service operations

708

(4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll for the payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$104,007, \$101,728, and \$98,456 respectively, equal to the required contributions for each year.

(5) Risk Management

Greene Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$104,519 for year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	<u>Bonds Payable</u>
Balance beginning of year	\$3,350,000
Additions	-
Reductions	<u>155,000</u>
Balance end of year	<u>\$3,195,000</u>

General Obligation Bonds

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates %</u>	<u>Principal \$</u>	<u>Interest \$</u>	<u>Total \$</u>
2008	5.00	165,000	149,743	314,743
2009	5.00	175,000	141,492	316,492
2010	5.00	180,000	132,743	312,743
2011	4.80	195,000	123,742	318,742
2012	4.15	200,000	114,383	314,383
2013	4.25	210,000	106,082	316,082
2014	4.375	220,000	97,158	317,158
2015	4.50	230,000	87,532	317,532
2016	4.60	240,000	77,183	317,183
2017	4.70	250,000	66,142	316,142
2018	4.80	260,000	54,393	314,393
2019	4.80	275,000	41,912	316,912
2020	4.80	290,000	28,713	318,713
2021	4.85	<u>305,000</u>	<u>14,792</u>	<u>319,792</u>
Total		<u>3,195,000</u>	<u>1,236,010</u>	<u>4,431,010</u>

(8) Commitments

At June 30, 2007, the District had entered into contracts for glass replacement and roof repair totaling \$33,634. These projects will be completed in the fiscal year ending June 30, 2008.

Required Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund
Required Supplementary Information

Year ended June 30, 2007

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance - Positive (Negative)
	\$	\$	\$	\$	\$	\$
Revenues:						
Local sources	2,424,594	99,899	2,524,493	2,380,556	2,380,556	143,937
State sources	1,416,043	2,014	1,418,057	1,444,516	1,444,516	(26,459)
Federal sources	151,905	52,615	204,520	173,000	173,000	31,520
Total revenues	<u>3,992,542</u>	<u>154,528</u>	<u>4,147,070</u>	<u>3,998,072</u>	<u>3,998,072</u>	<u>148,998</u>
Expenditures:						
Instruction	1,993,501	-	1,993,501	2,250,000	2,250,000	256,499
Support services	1,357,895	-	1,357,895	1,440,500	1,440,500	82,605
Non-instructional programs	-	160,637	160,637	182,755	182,755	22,118
Other expenditures	539,163	-	539,163	776,799	776,799	237,636
Total expenditures	<u>3,890,559</u>	<u>160,637</u>	<u>4,051,196</u>	<u>4,650,054</u>	<u>4,650,054</u>	<u>598,858</u>
Excess (deficiency) of revenues over (under) expenditures	101,983	(6,109)	95,874	(651,982)	(651,982)	747,856
Other financing sources (uses)	<u>3,283</u>	<u>-</u>	<u>3,283</u>	<u>20,000</u>	<u>20,000</u>	<u>(16,717)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other expenditures and other financing uses	105,266	(6,109)	99,157	(631,982)	(631,982)	731,139
Balance beginning of year	<u>1,695,146</u>	<u>16,613</u>	<u>1,711,759</u>	<u>1,308,548</u>	<u>1,308,548</u>	<u>403,211</u>
Balance end of year	<u><u>1,800,412</u></u>	<u><u>10,504</u></u>	<u><u>1,810,916</u></u>	<u><u>676,566</u></u>	<u><u>676,566</u></u>	<u><u>1,134,350</u></u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, expenditures did not exceed the amounts budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

Other Supplementary Information

GREENE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2007

	Management	Student Activity	67 1/2 Cent Schoolhouse Levy	Public Education and Recreation Levy	Total
	\$			\$	\$
Cash	94,519	72,564	133,733	-	300,816
Property tax receivable:					
Current year	1,859	-	-	387	2,246
Succeeding year	65,000	-	-	12,816	77,816
Interest receivable	-	-	-	-	-
Total assets	161,378	72,564	133,733	13,203	380,878

Assets

Liabilities and Fund Balances

Liabilities:					
Accounts payable	-	-	-	387	387
Deferred revenue:					
Succeeding year property tax	65,000	-	-	12,816	77,816
	65,000	-	-	13,203	78,203
Unreserved fund balances	96,378	72,564	133,733	-	302,675
	96,378	72,564	133,733	-	302,675
Total liabilities and fund balances	161,378	72,564	133,733	13,203	380,878

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds

Year ended June 30, 2007

	Management	Student Activity	67 1/2 Cent Schoolhouse Levy	Public Education and Recreation Levy	Total
	\$			\$	\$
Revenues:					
Local sources:					
Local tax	60,106	-	-	12,785	72,891
Other	7,448	121,091	928	-	129,467
State sources	44	-	-	9	53
Total revenues	<u>67,598</u>	<u>121,091</u>	<u>928</u>	<u>12,794</u>	<u>202,411</u>
Expenditures:					
Instruction:					
Support services:	-	134,567	-	-	134,567
Plant operation and maintenance	52,075	-	-	12,794	64,869
Other expenditures:					
Facilities acquisition and construction	-	-	2,770	-	2,770
Total expenditures	<u>52,075</u>	<u>134,567</u>	<u>2,770</u>	<u>12,794</u>	<u>202,206</u>
Excess (deficiency) of revenues over (under) expenditures	15,523	(13,476)	(1,842)	-	205
Fund balances beginning of year	80,855	86,040	135,575	-	302,470
Balance end of year	<u>96,378</u>	<u>72,564</u>	<u>133,733</u>	<u>-</u>	<u>302,675</u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2007

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Athletics	7,372	64,017	67,101	4,288
District Football	6	-	-	6
Science Club	1,945	833	1,173	1,605
Cheerleaders	(495)	4,892	2,635	1,762
Junior Concessions	240	5,275	5,515	-
Athletic Concessions	-	9,353	9,353	-
Magazines	10,142	600	731	10,011
FFA	1,140	-	-	1,140
Home Ec Club	177	892	711	358
National Honor Society	1,828	2,582	1,770	2,640
Library	625	419	804	240
Music	1,928	1,075	2,423	580
Industrial Tech	2,661	1,381	831	3,211
Science	5,395	75	-	5,470
Math	4,191	75	-	4,266
Drama/Speech	2,817	325	878	2,264
Annual	9,861	14,353	23,049	1,165
Student Council	2,972	3,709	4,787	1,894
MS Student Council	1,617	-	-	1,617
School Store	697	342	412	627
Elementary	2,905	2,952	3,080	2,777
High School	239	-	228	11
Insurance	10	-	-	10
Dues/Fees	1,008	232	1,164	76
Hi Fi	19,556	408	-	19,964
Jump Rope for Heart	370	-	55	315
Class of 2001	348	-	-	348
Class of 2002	402	-	-	402
Class of 2003	596	-	-	596
Class of 2005	714	-	-	714
Class of 2006	-	-	-	-
Class of 2007	2,401	48	1,820	629
Class of 2008	2,372	2,047	3,629	790
Class of 2009	-	4,661	2,303	2,358
Class of 2010	-	545	115	430
	<u>86,040</u>	<u>121,091</u>	<u>134,567</u>	<u>72,564</u>

See accompanying independent auditor's report.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2007	2006	2005	2004
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	1,650,952	1,682,842	1,636,518	1,533,884
Tuition	442,547	381,769	340,965	159,003
Other	331,095	233,247	195,169	251,652
State sources	1,416,043	1,487,933	1,370,715	1,262,921
Federal sources	151,905	142,574	121,516	508,540
Total	<u>3,992,542</u>	<u>3,928,365</u>	<u>3,664,883</u>	<u>3,716,000</u>
Expenditures:				
Instruction	1,993,501	1,975,446	2,015,056	1,742,816
Support services:				
Student	105,826	55,335	55,274	53,640
Instructional staff	69,484	81,630	73,310	88,141
Administration	509,468	496,673	450,344	438,687
Operation and maintenance of plant	445,155	389,538	447,317	353,010
Transportation	227,962	199,280	131,156	119,843
Non-instructional programs	-	-	12,000	21,000
Other expenditures:				
Facilities acquisition	124,077	60,677	73,106	866,057
Debt service:				
Principal	155,000	145,000	140,000	130,000
Interest and services	155,567	160,642	165,543	169,993
AEA flowthrough	104,519	102,479	98,923	99,730
Total	<u>3,890,559</u>	<u>3,666,700</u>	<u>3,662,029</u>	<u>4,082,917</u>

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 25 years of Expertise and Experience
- Evenings & Saturdays Available
- Extended Hours During Tax Season

To the Board of Education of the
Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Greene Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 18, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Greene Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Greene Community School District's financial statements that is more than inconsequential will not be prevented or detected by Greene Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item 07-I-A is a material weakness.

Compliance and Other Matters

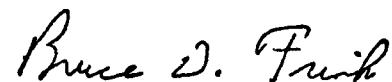
As part of obtaining reasonable assurance about whether Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Greene Community School District's response to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Greene Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Greene Community School District and other parties to whom Greene Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

December 18, 2007

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

07-I-A Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District does a fine job of dividing incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa such makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - Over the years the district has looked at various ways of dividing duties. As a result, responsibilities of individuals have been altered. We will, however, continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

07-II-A Certified Budget - Expenditures for the year ended June 30, 2007, did not exceed the amounts budgeted.

07-II-B Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

07-II-C Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

07-II-D Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

07-II-E Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:
(continued)

07-IV-F Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Al Trees, spouse of District Secretary	Remodeling	\$ 2,922.00

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Mr. Trees do appear to represent conflicts of interest since the total is more than \$2,500 for the fiscal year.

Recommendation - The District should consult legal counsel regarding this expenditure to ensure compliance with the Code of Iowa.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

07-II-G Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

07-II-H Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

07-II-I Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

07-II-J Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.